How to Read a Value Line Report

VALUE LINE INVESTMENT EDUCATION

Value Line®

The Most Trusted Name In Investment Research®

How to Read a Value Line Report

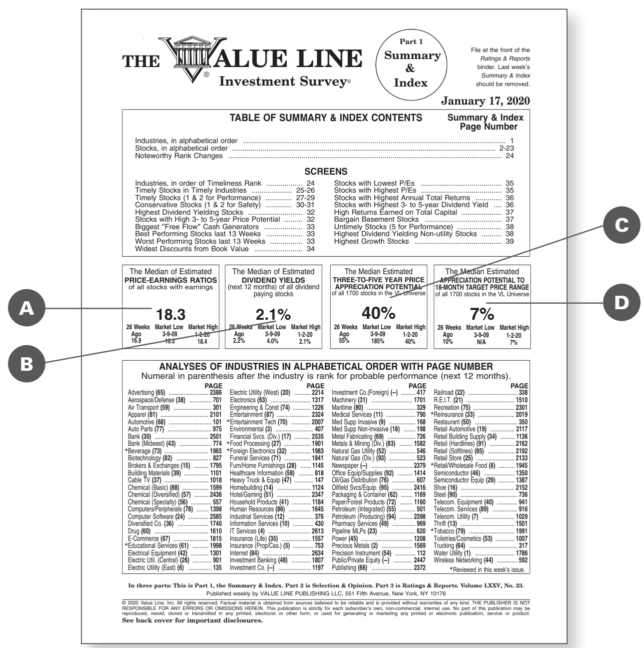
In order to make the best use of your Value Line subscription, you'll want to understand our research reports and put them in context. This guide was designed to help you do just that. Referring to this guide in using our services to select your investments as well as for a source of interpretive analysis and historical information can assist you in spotting trends.

I: GETTING STARTED

As a subscriber, you will receive three parts of *The Value Line Investment Survey*® each week. Part 1 is the *Summary & Index*, Part 2 is *Selection & Opinion* and Part 3 is *Ratings & Reports*. Below we will describe each section and discuss some of the ways to use them.

Part 1 — Summary & Index

We suggest starting with the *Summary & Index*. The front cover contains a Table of Contents, four important market statistics, and a list of all the industries we follow in alphabetical order with their current industry rank shown next to the name. The page number is to the right. The market statistics are found in three boxes. The first box (**A**) has the median of estimated price/earnings ratios of all stocks with earnings covered in *The Value Line Investment Survey* (approximately 1,700 issues). The second box (**B**) shows the median of estimated dividend yields (total dividends expected to be paid in the next 12 months divided by the recent price) of all dividend-paying stocks in *The Value Line Investment Survey*. The third box (**C**) contains the estimated median price appreciation potential 3 to 5 years into the future for the approximately 1,700 stocks in *The Value Line Investment Survey*, based on Value Line's hypothesized economic environment 3 to 5 years hence. The fourth box (D) contains the median stock price-to-midpoint of the 18-Month Target Price Range of all the stocks in the survey. After reviewing those statistics, a fairly good picture emerges of how the Value Line universe is evaluated.



Summary & Index

What's more, *The Value Line Investment Survey* comprises approximately 90% of the market capitalization of all equities traded in U.S. markets, and therefore represents the stock market as a whole quite well.

Beginning on page 2, the *Summary & Index* also includes an alphabetical listing of all stocks in the publication with references to their location in Part 3, *Ratings & Reports*. The page number is shown in the right hand corner of each report. The index is updated each week to provide the most current data on all companies included in *The Value Line Investment Survey*.

The far left column of the *Summary & Index* may include another page number. This refers to recent Supplementary Reports, if any, which are included on the back pages of *Ratings & Reports*. If two stars (★★) appear in that column, a Supplementary Report is included in the current Issue.

There are many columns in the *Summary & Index* with more information on each of the approximately 1,700 stocks we cover.

There is also a wealth of information in the stock screens toward the back of the *Summary & Index*, beginning on page 24.

These screens are a good starting point for anyone seeking investment ideas or help in forming a strategy. The screens are also useful for investors looking for a list of stocks relevant to their specific strategies.

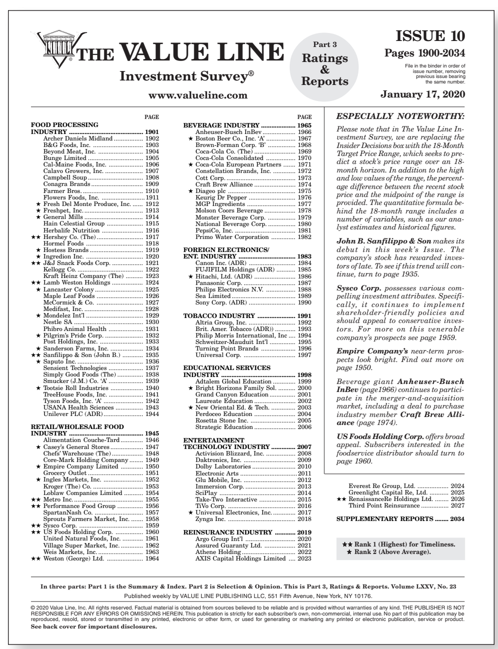
Part 2—Selection & Opinion

Selection & Opinion (S&O) contains Value Line's weekly economic and stock market commentary and investment ideas, along with one or more pages of research highlighting specific stocks or industries, and a variety of pertinent economic and stock market statistics. It also includes four model stock portfolios (Stocks with Above-Average Year-Ahead Price Potential, Stocks for Income and Potential Price Appreciation, Stocks with Long-Term Price- Growth Potential, and Stocks with Above-Average Dividend Yields). The *Selection & Opinion* provides valuable investment ideas and a good understanding of Value Line's outlook for the stock market and economy. In addition, Value Line posts market commentary every business day at www.valueline.com.

Part 3—Ratings & Reports

Ratings & Reports is the core of *The Value Line Investment Survey* with one-page reports on approximately 1,700 companies and one-page reports on approximately 100 industries. The company reports contain our proprietary ranks, our 3- to 5-year price forecast for the stock, income and balance sheet data, up to 17 years of historical data, and analyst commentaries. Our reports also contain stock price charts and graphs; quarterly sales, earnings, and dividend information; and a variety of other very useful data. Each page in this section is updated every 13 weeks. When important news occurs during these 13 week intervals, a Supplementary Report or reports (appearing in the back section of *Ratings & Reports*) is published. If there is a Supplementary Report, its location will be shown in the *Summary & Index*.

Every week subscribers receive a new Issue of *Ratings & Reports* containing approximately 130–140 company reports grouped by industry, and a smaller number of industry reports. The industry reports precede the reports on the companies in that same industry. Over the course of three months, revised reports on all approximately 1,700 companies and nearly 100 industries are issued.



Ratings & Reports

II: PLANNING AN INVESTMENT STRATEGY

When planning an investment strategy, it is important to consider a number of factors, including such aspects as your age, current financial situation, and risk tolerance. Of course, there are myriad other considerations, and our tools will help investors make well informed decisions when picking securities.

We have created a guide called *Planning an Investment Strategy* that you may wish to read before taking any portfolio action. As a quick summary, you should diversify your portfolio both across asset classes (e.g., stocks, bonds, and foreign securities) and within asset classes (i.e., owning a variety of stocks and bonds).

In addition, you do not have to manage every portion of your portfolio. Instead, you might hire someone else to handle the components that you do not have the desire or experience to oversee. For example, you could buy a diversified fixed-income mutual fund for the bond portion of your portfolio, while maintaining a collection of stocks yourself. The right mix of "outsourcing" and personal direction is an individual decision, but in the end you should create a portfolio that offers good returns at a level of risk you can tolerate.

Again, we encourage you to take the time to read through the *Planning an Investment Strategy* guide so that you can start your portfolio on a solid foundation.

III: CREATING A LIST OF STOCKS FOR FURTHER RESEARCH

Once you have decided on your portfolio approach, you will begin selecting securities. There are many ways to use *The Value Line Investment Survey* to find the equities most appropriate for your goals. We include a number of stock screens in the back of each *Summary & Index* to assist our readers in narrowing the universe of stocks for further consideration.

The screens are updated weekly and cover a broad range of investment options, including Conservative Stocks, Highest Yielding Stocks, and Stocks with Highest 3- to 5-Year Appreciation Potential. A description of the screens is provided if the title of a screen is not self-explanatory. There are, of course, many more screens than the ones just mentioned; they are all available in the back of the *Summary & Index*. Using them will provide you with a more focused and shorter list of companies to research.

For those who want more advice than a static screen, we have also created four model portfolios: Portfolio I (Stocks with Above-Average Year-Ahead Price Potential), Portfolio II (Stocks for Income and Potential Price Appreciation), Portfolio III (Stocks with Long-Term Price Growth Potential), and Portfolio IV (Stocks with Above-Average Dividend Yields). These portfolios are overseen by Value Line analysts and are updated weekly in *Selection & Opinion*. These portfolios offer another convenient starting point for selecting stocks for inclusion in your portfolio.

On an ongoing basis, we provide additional special stock screens and a wealth of economic and market information in *Selection & Opinion*. The screens go beyond those included weekly in the *Summary & Index* and often provide a different or unique investment approach. These features are critical in providing new and interesting investment ideas down the road.

IV: RESEARCHING A STOCK USING THE VALUE LINE PAGE

A sample Value Line report is included at the back of this guide. The numbers below make reference to the sample page.

To start studying a stock, we suggest that you concentrate on various features found on every company page of *Ratings & Reports*. Begin by using the Timeliness™, Safety™ and Technical ranks that appear in the upper left corner of each page (item 1). Next, look at the analyst's commentary in the bottom half of each report (item 13). Then review our various forecasts for financial data. Estimated financial data is shown on the right side (bold italic print) of the Statistical Array (item 12). Growth rates are in the Annual Rates box (item 17). A stock's 3- to 5-year Target Price Range is on the right-hand side of the graph (item 10), and 3- to 5-year stock price Projections are in the projections box (item 19). Finally, review the historical financial data appearing in the left side of the Statistical Array (item18). Illustrations and more details follow.

Value Line Ranks

(see item 1 on the sample page)

Timeliness

TIMELINESS	3	Lowered 2/12/21
SAFETY	1	New 7/27/90
TECHNICAL	4	Lowered 1/29/21
BETA .85 (1.00 = Market)		

Sample Ranks Box

The Timeliness rank is Value Line's projection of the expected price performance of a stock for the coming six to 12 months relative to our approximately 1,700 stock universe. Stocks ranked 1 (Highest) or 2 (Above Average) are predicted to outperform the Value Line universe over time. Stocks ranked 3 are likely to be average performers. And those ranked 4 (Below Average) or 5 (Lowest) are expected to underperform.

At any one time, there are 100 stocks ranked 1; 300 ranked 2; approximately 900 ranked 3; 300 ranked 4; and 100 ranked 5.

Safety

The Safety rank is our measure of the total risk of one stock compared to all others in our approximately 1,700 stock universe. As with the Timeliness rank, Value Line ranks each stock from 1 (Highest) to 5 (Lowest). However, unlike the Timeliness rank, the number of stocks in each category from 1 to 5 may vary. The Safety rank is derived largely from two measurements which are found in the Ratings box, on the lower right hand corner of each page (item 14): a Company's Financial Strength and a Stock's Price Stability. Financial Strength is a measure of a company's financial condition, and is reported on a scale of A++ (Highest) to C (Lowest). The largest companies with the strongest balance sheets typically earn the highest scores. Price Stability is based on a ranking of the standard deviation (a measure of volatility) of weekly percent changes in the stock price over the last five years, and is reported on a scale of 100 (Highest) to 5 (Lowest) in increments of 5. Generally speaking, stocks with Safety ranks of 1 or 2 are most suitable for conservative investors.

Company's Financial Strength	**A++**
Stock's Price Stability	**85**
Price Growth Persistence	**100**
Earnings Predictability	**100**

Sample Financial/Stock Price Data

A stock's Price Growth Persistence and a company's Earnings Predictability are also included in the Ratings box. Price Growth Persistence is a measure of the consistency of stock price growth, relative to other equities, over the past 10 years. Earnings Predictability is a statistical measure of the reliability of an earnings forecast.

Technical

The Technical rank is primarily a predictor of a stock's short term (three to six months) relative price change. It is based on a proprietary model which examines 10 relative price trends for a particular stock over different periods in the past year. It also takes into account the price volatility of each stock. The Technical rank ranges from 1 (Highest) to 5 (Lowest) as well. At any one time, about 100 stocks are ranked 1; 300 ranked 2; 900 ranked 3; 300 ranked 4; and 100 ranked 5.

Beta

Beta is a measure of the volatility of a stock relative to the overall stock market and is calculated by Value Line. A Beta of 1.00 suggests that a stock will move up and down roughly in lock-step with the market, so that a 3% increase or fall in the broader market would likely be accompanied by a similar percentage move in the stock. A Beta higher than 1.00 means a stock tends to be more volatile than the market, while a Beta lower than 1.00 suggests the stock's price fluctuations will be more muted in relationship to the broader market.

18-Month Target Price Range

The 18-Month Target Price Range seeks to predict a stock's price over an 18-month horizon (from today) in terms of a range. In addition to the high and low values of the range, the percentage difference between the recent stock price and the midpoint of the range is provided. The percentage may be thought of as the most likely potential profit (or loss). The larger the percentage, the greater the possible

18-Month Target Price Range

Low-High	Midpoint (% to Mid)
$120-$225	$173 (5%)

18-Month Target Price Range

price appreciation. The quantitative formula behind the 18-month range includes a number of variables, such as analyst estimates, recent stock-price performance, and per-share sales, earnings, cash flow, and book value results.

Industry Timeliness

Value Line also publishes ranks which show the expected performance of each industry, relative to the others. These ranks are updated weekly and published on the front cover and on page 24 of the *Summary & Index*. They also appear at the top of each Industry Report in *Ratings & Reports*.

Analyst's Commentary

Many readers think our commentary (item 13) is the most important section of the page. In the commentary, the analyst discusses his/her expectations for the company, and individual stock, over the near and long term. There are times when the raw numbers don't tell the full story. The analyst uses the commentary to explain the forecast. The commentary is also particularly useful when a trend is shifting, or a change is about to occur. As an example, a stock may have a below average Timeliness rank but the analyst thinks earnings could turn around in the future. In this case, the analyst may use this section to explain why he/she thinks conditions are likely to get better, thus giving the subscriber more insight into what is happening and why.

Johnson & Johnson is making headlines. The company announced the much-anticipated results of its Phase III trial for its COVID-19 vaccine. This showed 66% overall efficacy in blocking moderate-to-severe forms of the disease and 85% efficacy in severe forms. While this comes up short of the efficacy shown by the Moderna and Pfizer/BioNTech vaccines, we view the data as favorable, especially when considering the overwhelming demand as well as the advantage that J&J's vaccine has of requiring only one shot. Wall Street did not seem to share our optimism, however, and the stock slipped on the news. Still, J&J planned to file in early February for emergency use authorization with the Food & Drug Administration.

The world's largest healthcare company reported better-than-expected fourth-quarter results. Share earnings came in at $1.86, a couple of pennies off the year-earlier tally, but about a nickel ahead of the consensus estimate. Although margins remained under fairly heavy pressure, sales increased a better-than-anticipated 8.3%, roughly double our estimate, thanks to ongoing momentum from the Pharmaceutical business.

We've upped our 2021 estimates. Guidance was solid, with management saying that it is looking for sales to tally between $90.5 billion and $91.7 billion for all of 2021, pointing to a 9.5%-11.0% rise. From a bottom-line perspective, it is now calling for EPS of $9.40 to $9.60. And this was before the release of the aforementioned results of the company's COVID-19 trials. Adding it all up, we currently look for J&J to earn $9.50 a share, on an 11% uptick in sales. The company should continue to do well with its Pharmaceutical portfolio, and we expect the other businesses to gain traction as the year progresses. Too, we see margin improvement accelerating in the second half of the year.

The stock has done well since our November report despite the abovementioned pullback. We continue to think that it offers worthwhile three- to five-year total return prospects, especially on a risk-adjusted basis. J&J's COVID-19 vaccine is a plus in our eyes, and investors should consider buying on dips. These shares are now an Average selection for Timeliness.

Andre J. Costanza *February 12, 2021*

Sample Analyst's Commentary
(Also see item 13 on the sample page)

2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	© VALUE LINE PUB. LLC	24-26
16.98	18.43	21.51	23.02	22.47	22.49	23.87	24.19	25.28	26.71	25.44	26.56	28.50	30.64	31.17	*31.40*	*35.25*	*37.10*	Sales per sh [A]	*42.55*
4.25	4.60	5.23	5.70	5.69	5.92	6.25	6.48	7.08	7.26	6.95	7.50	7.64	8.35	11.52	*10.85*	*12.50*	*13.20*	"Cash Flow" per sh	*15.75*
3.50	3.76	4.15	4.57	4.63	4.76	5.00	5.10	5.52	5.70	5.48	5.93	5.41	5.61	8.68	8.03	*9.50*	*10.15*	Earnings per sh [A B]	*12.25*
1.28	1.46	1.62	1.80	1.93	2.11	2.25	2.40	2.59	2.76	2.95	3.15	3.32	3.54	3.75	3.98	*4.25*	*4.60*	Div'ds Decl'd per sh [C■]	*5.85*
.88	.92	1.04	1.11	.86	.87	1.06	1.06	1.27	1.33	1.26	1.19	1.22	1.38	1.33	*1.10*	*1.50*	*1.50*	Cap'l Spending per sh	*1.65*
12.73	13.59	15.25	15.35	18.37	20.66	20.95	23.33	26.25	25.06	25.83	26.02	22.43	22.44	22.59	*27.15*	*30.75*	*35.10*	Book Value per sh [D]	*49.50*
2974.5	2893.2	2840.2	2769.2	2754.3	2738.1	2724.4	2778.5	2820.6	2783.3	2755.0	2706.5	2682.5	2662.3	2632.5	*2630.0*	*2600.0*	*2580.0*	Common Shs Outst'g [E]	*2525.0*
18.5	16.6	15.4	14.3	12.5	13.1	12.7	13.1	15.6	17.7	18.2	19.1	23.9	23.7	15.6	18.2	*Bold figures are Value Line estimates*		Avg Ann'l P/E Ratio	*18.0*
.99	.90	.82	.86	.83	.83	.80	.83	.88	.93	.92	1.00	1.20	1.28	.83	.89			Relative P/E Ratio	*1.00*
2.0%	2.3%	2.5%	2.8%	3.3%	3.4%	3.5%	3.6%	3.0%	2.7%	3.0%	2.8%	2.6%	2.7%	2.8%	2.7%			Avg Ann'l Div'd Yield	*2.6%*
						65030	67224	71312	74331	70074	71890	76450	81581	82059	82584	*91650*	*95750*	Sales ($mill) [A]	*107500*
						32.3%	35.7%	33.3%	33.7%	31.1%	34.6%	31.7%	33.1%	46.3%	*42.0%*	*43.0%*	*43.5%*	Operating Margin	*44.0%*
						3158.0	3666.0	4104.0	3895.0	3746.0	3754.0	5642.0	6929.0	7009.0	*7050*	*7250*	*7500*	Depreciation ($mill)	*8250*
						13867	14345	15876	16323	15409	16540	14856	15297	23310	21433	*25250*	*26500*	Net Profit ($mill)	*31500*
						20.1%	23.1%	17.2%	20.6%	19.7%	16.5%	15.9%	15.0%	17.4%	15.7%	*17.5%*	*18.0%*	Income Tax Rate	*19.0%*
						21.3%	21.3%	22.3%	22.0%	22.0%	23.0%	19.4%	18.8%	28.4%	26.0%	*27.6%*	*27.7%*	Net Profit Margin	*29.3%*
						31505	21854	30732	34226	32463	38745	12551	14803	9310.0	*19750*	*28500*	*34250*	Working Cap'l ($mill)	*75000*
						12969	11489	13328	15122	12857	22442	30675	27684	26494	*32500*	*24000*	*23000*	Long-Term Debt ($mill)	*20000*
						57080	64826	74053	69752	71150	70418	60160	59752	59471	*71400*	*80000*	*90500*	Shr. Equity ($mill)	*125000*
						20.2%	19.1%	18.4%	19.5%	18.6%	18.2%	16.9%	18.1%	27.3%	*21.0%*	*22.5%*	*23.0%*	Return on Total Cap'l	*20.0%*
						24.3%	22.1%	21.4%	23.4%	21.7%	23.5%	24.7%	25.6%	39.2%	*30.0%*	*31.5%*	*29.5%*	Return on Shr. Equity	*25.0%*
						13.5%	11.9%	11.6%	12.3%	10.2%	11.2%	9.8%	9.7%	22.5%	*17.0%*	*17.5%*	*16.0%*	Retained to Com Eq	*13.5%*
						44%	46%	46%	48%	53%	52%	60%	62%	43%	*43%*	*44%*	*45%*	All Div'ds to Net Prof	*47%*

CAPITAL STRUCTURE as of 9/27/20
Total Debt $37,758 mill. **Due in 5 Yrs** $17,104 mill.
LT Debt $32,680 mill. **LT Interest** $152.3 mill. (34% of Capital)
Leases, Uncapitalized Annual rentals $215 mill.
Pension Assets-12/19 $32.2 bill. **Oblig.** $37.2 bill.
Preferred Stock None
Common Stock 2,632,542,672 shares **as of 10/19/20**
MARKET CAP: $365 billion (Large Cap)

Sample Statistical Array

Value Line Financial Data

The Statistical Array in the center of the report (where most of the numbers are), Value Line provides both financial projections (item 12) and historical data (item 18).

Financial Estimates

Our analysts carefully review each company's past performance, then focus on market dynamics and industry trends in their analysis. Many will derive the numbers in the Array (item 12) and Quarterly Projections (item 16) from carefully curated data maintained for each company stock. Forward-looking estimates are presented in bold italics.

Historical Financial Data

Many readers rely on the data in the Statistical Array (item 18) for their own analysis. They, in particular, use the historical data to evaluate how a company has performed over the long term. It's worth pointing out that while all of the figures are important, readers may focus primarily on certain data depending on their investment goals.

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '17-'19 to '24-'26
Sales	3.0%	3.5%	*5.0%*
"Cash Flow"	5.0%	5.5%	*8.5%*
Earnings	4.0%	4.0%	*10.0%*
Dividends	7.0%	6.5%	*7.5%*
Book Value	3.5%	-2.0%	*11.0%*

Sample Rates Box

The numbers are very helpful in identifying trends. For example, a review of sales figures is useful in estimating the amount of revenue a company will bring in. The operating or net profit margins show how sales filter to the bottom line (earnings). Many readers also check the percentages near the bottom to see if the Return on Total Capital or the Return on Shareholders' Equity have been rising, falling or remaining about the same.

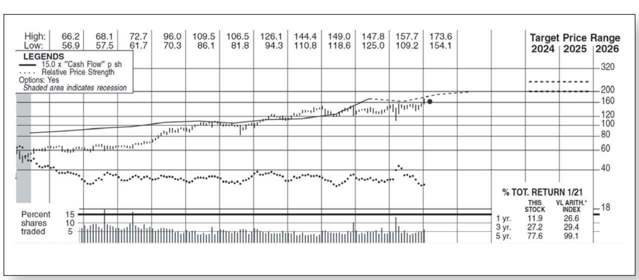
Annual Rates Of Change

The Annual Rates box (item 17) shows the compound annual growth percentages for sales, cash flow, and other items for the past 5 and 10 years and also Value Line's projections of growth for each item for the coming 3 to 5 years. These numbers can also indicate important company trends. (Specific estimates for various data items for three to five years in the future can be found in bold italicized type in the far right hand column of the Statistical Array.)

3- to 5-year Target Price Range and Projections

In the upper right-hand section of our Price chart/graph is the 3- to 5-year Target Price Range (item 10). The range is based on our earnings projection for that period, multiplied by the estimated price/earnings ratio in the Statistical Array. The width of the high-low range generally depends on the stock's Safety rank. A stock with a high Safety rank has a narrower range, one with a low rank, ordinarily a wider one.

In the left hand column of each report, we include our 3- to 5-year Target Price Range (item 19) projections. There you can see the potential high and low average prices we forecast, the percentage price changes we project, and the expected compound annual total returns (price appreciation plus dividend growth). To make these calculations, analysts compare the expected prices for the next three to five years (as shown in the Target Price Range and Projections box)



Sample Target Price Range

with the recent quotation shown at the top of the report (item 5). Everything depends on a long-term prediction of earnings, a difficult task.

Investors whose primary goal is long-term price appreciation should study the 3- to 5-year projections carefully and choose stocks with above-average capital gains potential. For comparative purposes, you can find the Estimated Median Price Appreciation Potential for all approximately 1,700 stocks on the front page of the *Summary & Index*.

V: EXAMINING A VALUE LINE PAGE IN MORE DETAIL

In the following section, we are going to examine a Value Line page, with the objectives of interpreting the array of statistical data presented and weighing the data and the ac- companying comment against your needs. We have chosen a report on Johnson & Johnson, the developer and manufacturer of a broad range of products in the healthcare field. The company is also a member of the Dow Jones Industrial Average.

Putting Data in Perspective

Looking at the top of the page, we can see that Johnson & Johnson's stock price in February 2021 was $162.71 a share (item 5 on the sample page). By itself, the stock price means very little. In the line below the price, annual high and low prices for each year from 2010 through 2021 are indicated. Below the high and low annual prices is a price chart (graph) that shows monthly price ranges for essentially the same period, along with other useful information that we will discuss below.

At the current quotation, is the stock undervalued, overvalued or fairly valued? The fact that the "cash flow" line is above the price of the stock indicates that it appears to be slightly undervalued.

Price-Earnings Ratio — This is probably the most widely used measure of stock valuation. Value Line shows a variety of P/E ratios on every company page, as discussed below:

The P/E ratio on the very top of the Value Line page (item 6) is calculated by dividing the recent price of the stock by its 12-month earnings (including one quarter of actual earnings plus three quarters of estimated earnings).

The Relative P/E ratio (item 8) compares the P/E of one stock with the median of estimated P/E ratios of all stocks under Value Line review. As such, a relative P/E of more than 1.00 indicates that a stock's P/E ratio is currently higher than that of the Value Line universe.

The Trailing P/E ratio (item 7) is calculated by dividing the recent stock price by the past 12 months of actual (reported) earnings. This figure is often reported in newspapers and financial web sites.

The Median P/E ratio (item 7) is the average annual P/E ratio of a stock over the past 10 years, with certain statistical adjustments made for unusually low or high ratios.

The Average Annual P/E ratio (items 12 and 18) is calculated by dividing the average price for each year by the actual reported earnings for the same year and is shown in the Statistical Array.

The Relative (Annual) P/E ratio (items 12 and 18) is calculated by dividing the Average Annual P/E of a stock with the Average Annual P/E of all stocks under Value Line review in the same year.

To gauge the significance of the stock's recent value, the reader should look at the price in relation to a variety of data. As far as P/Es are concerned, the current P/E ratio and relative P/E ratio for Johnson & Johnson's stock, are below those of most stocks in the Value Line universe.

Low P/E ratios may mean that the stock is undervalued, unless there are factors indicating that there is some kind of operational issue that is depressing the equity's valuation. Is this the case with Johnson & Johnson? Perhaps, since increasing research & developments costs, as well as higher operating expenses stemming from COVID-19, have limited profits; we note that JNJ has pledged not to make a profit on the COVID-19 vaccine. Johnson & Johnson's relative P/E ratio is 0.83 (item 8), a lower valuation than found in the average stock followed by Value Line, though JNJ consistently trades at a discount to the broader market.

The Dividend Yield (item 9) shows the expected return from cash dividends on the stock over the next 12 months, as a percentage of the recent price. Johnson & Johnson's yield of 2.5% is above the median of all dividend-paying stocks in the Value Line universe. (The median is shown each week on the cover of the *Summary & Index* section.) Value Line's analyst thinks that Johnson & Johnson stock dividends will increase over the next three to five years. Many investors view regular increases in a dividend very positively.

The Price Chart

Next, look at Johnson & Johnson's price chart (or graph) at the top of the report (item 11). The first thing one should note is the price history, shown by the small vertical bars in the center of the graph, which show the high and low monthly prices for the stock (adjusted for any subsequent stock splits or dividends). Looking at the bars, you can see that the stock price steadily climbed until early 2018, then experienced a rather choppy period, until moving higher at the end of 2020, into 2021.

Now review the Cash Flow line, the solid line running from 2009 through the middle of 2019 (more fully described below). The dashed line from mid-2019 to mid-2022, which is an extension of the Cash Flow line, is Value Line's projection of the line for those years. For most of the past 12 years, Johnson & Johnson's stock has traded within reach of the Cash Flow line.

Finally, note the **Relative Price Strength** line (item 4), the faint small dotted line, toward the bottom of the chart. This shows the relative performance of Johnson & Johnson stock versus the entire universe of Value Line stocks; when the Relative Price Strength line is rising, it means a stock is outperforming the universe. When it is falling, a stock is lagging the Value Line universe.

At the very bottom of the chart, we show monthly trading volume (item 11) as a percentage of total shares outstanding. The Legends box (item 2) in the upper left of the price chart contains, among other things, information on the cash flow multiple, a record of stock splits, and whether or not there are options traded.

The **Target Price Range** (item 10) in the upper right corner of the price chart indicates the Value Line forecast for the stock's price range over the 3- to 5-year period. This box should be viewed in conjunction with the Projections box (item 19) near the top left-hand corner of the page, which also gives our 3- to 5-year projections. For Johnson & Johnson, we expect the average price to reach between 200 and 245, which would be between 25% and 50% above the level in February 2021.

Just above the Projections box is a section containing the Value Line Timeliness, Safety, and Technical ranks, plus a Beta calculation (item 1). Johnson & Johnson's Beta of 0.85 reveals that this stock is likely to move slightly less than the overall market. If you are looking for stability, a stock like Johnson & Johnson, with a below average Beta, is a good option.

The "Cash Flow" Line

The price chart at the top of the Johnson & Johnson page contains, among other things, a monthly price history for the stock (the vertical bars) overlaid by a solid line that we call the "cash flow" line (sometimes also called the "Value Line")(item 3). To plot the line, we multiply cash flow per share (net income plus depreciation and amortization less preferred dividends divided by the number of shares outstanding at the end of the year) by a number (multiple) determined by our analyst — the multiple is noted in our graph legend (item 2). The goal is to create a line that closely matches the stock price history and will ultimately extend to our projected 3- to 5-year Target Price Range. In the case of Johnson & Johnson, the "cash flow" multiple is now 15.0. (The multiple can, and often does, change over time.) Stocks tend to trade at or near their "Cash Flow" line.

Historical Results and Estimates

When available, our historical array includes per-share data dating back up to 17 years. The historical data (item 18) appear on the left side and are presented in regular type. We also project statistical data (item 12) for the current fiscal year, next fiscal year, as well as three to five years into the future. These projections are presented in bold italics.

Highlights from the Statistical Array (items 12 and 18):

Revenues per share (first line), or how much revenue the company generated from its operations, divided by its share count.

Cash flow per share (second line), as commonly used by analysts, is the sum of reported earnings plus depreciation, less any preferred dividends, calculated on a per-share basis. It is an indicator of a company's internal cash-generating ability—the amount of cash it earns to expand or replace plant and equipment, to provide working capital, to pay dividends, or to repurchase stock. Johnson & Johnson's cash flow per share has advanced sharply since 2005.

Earnings per share (third line) are shown by Value Line as they were reported to stockholders, excluding nonrecurring items and adjusted for any subsequent stock splits or stock dividends. Value Line will usually use diluted earnings per share. This metric includes dilution (stemming from options or warrants, etc.) rather than relying on the weighted average of outstanding shares. Details, including nonrecurring items excluded from our earnings presentation are included in the footnotes section (item 15).

Johnson & Johnson's, earnings per share increased steadily between 2005 and 2020.

Dividends Declared per share (fourth line). Directors of growth-oriented companies often prefer to pay small or "token" dividends, or none at all, so they can reinvest earnings in the business. Johnson & Johnson paid 43% of its earnings in dividends in 2020 and invested the remainder in the business; and the percentage is likely to remain in the mid-40's over the next few years.

Capital Spending per share (fifth line) is the amount that a company spends on new plants and equipment, divided by its shares outstanding including funds used for acquisitions of other companies which most analysts do not use in their projected budgets.

Book Value per share (sixth line) is common shareholders' equity determined on a per-share basis. It includes both tangible assets, like plant and receivables and inventories, as well as intangibles, like the value of patents or brand names, known as "goodwill." Any significant intangibles will normally be indicated in a footnote (item 15). If all assets could be liquidated at the value stated on the company's books, all liabilities such as accounts payable, taxes, and long-term debt paid, and all preferred stockholders compensated, the book value is what would be left for the common stockholders.

The number of **Common Shares Outstanding** (seventh line) is also listed in the Statistical Array. Sometimes net income rises, but earnings per share do not, because the number of shares outstanding has increased. This may happen because a company is issuing stock to pay for acquisitions or to fund internal growth. As a result, sales and profits may soar, while per-share sales and earnings lag. On the other hand, when cash-rich companies buy their own shares, earnings per share can rise even if net income is stable, or decreasing.

The **Average Annual P/E Ratio** (eighth line) shows Johnson & Johnson's average annual P/E was at unusually high levels in 2017 and 2018 when consumer staple stocks were in favor; it has narrowed a fair amount over the past couple of years, as demand for technology stocks have skyrocketed.

The **Relative P/E Ratio** (ninth line) shows how the stock's price-earnings ratio relates to those of all stocks in the Value Line universe. Johnson & Johnson's relative P/E of 0.83 in February 2021 was below that of the typical stock in the Value Line universe. The Value Line analyst thinks it will be average in the 2024–2026 period.

The **Average Annual Dividend Yield** (10th line) is of special interest to income-oriented investors, many of whom are more concerned with a stock's yield, rather than its appreciation potential. Income-oriented investors should look for stocks with higher than average yields — shown each week in the center box of the front cover of the *Summary & Index*, but they should also look at dividend trends over time. Steady increases are attractive to many investors. Investors should also look carefully at a company's free cash flow to ensure that the company will be able to continue to pay the dividend. The historical payment dates are included in the Footnotes (item 15). And dividends are recorded on the bottom left of the page (item 16).

Company Financial Data

The **Sales or Revenues** figure (11th line) a common measure given when referring to a company's size. Johnson & Johnson's revenues have grown significantly over the past several years.

The **Operating Margin** (12th line) indicates what percentage of sales is being converted into operating income. (Operating income is total sales minus the cost of goods sold and selling, general and administrative expenses. It is also referred to as EBITDA, or earnings before interest, taxes, depreciation, and amortization.) At Johnson & Johnson, this figure has increased steadily since 2011 and is poised to continue upward by 2024–2026.

Depreciation (13th line) is the reduction in the accounting value of a company's assets. This figure reflects the aging of a company's plant and equipment.

Net Profit, or income, (14th line) is the amount the company earned after all expenses including taxes, excluding nonrecurring gains or losses and the results of discontinued operations. Johnson & Johnson's net profit has grown considerably since 2009.

Johnson & Johnson's **Income Tax Rate** (15th line) hovered around 20%, but due to the December 2017 passage of the Tax Cuts and Jobs Act, it has fallen to the mid-to-high teens.

Net Profit Margin (16th line) shows net income as a percentage of sales (or revenues). Here, the trend is the most important thing, and rising margins are favorable. It is often worthwhile to compare the net margin with the operating margin. Usually the two metrics move in line with on another, though not always. Depreciation charges, interest expense, income taxes, and other costs are deducted from (and other income added to) operating income in the determination of net profit. Where there is a disparity in the trends of the net and operating margins, it may be worth taking a second look. (If depreciation, interest charges, or tax rates move sharply in any direction, there will be an impact on net profits, and it would be worthwhile to try to determine why the change occurred.)

We expect that Johnson & Johnson's net profit margin will increase nicely over the next three to five years.

Working Capital (17th line), the company's current assets less current liabilities, indicate the liquid assets available for running the business on a day-to-day basis. The higher a company's sales, the more working capital it typically has and needs. But we caution that a number of large companies with steady revenue streams no longer believe large amounts of working capital are necessary. In those cases, a negative working capital may be perfectly acceptable because a company can meet normal operating expenses from consistent cash receipts.

Long-term Debt (18th line) is debt obligations (excluding short-term debt due in the coming year). In the case of Johnson & Johnson, the amount is quite low relative to total capital.

Shareholders' Equity (19th line), also known as net worth, is the total stockholders' interest (preferred and common) in the company after all liabilities have been deducted from the total assets. All intangible assets such as goodwill, patents, and, sometimes, deferred charges are included in shareholders' equity — and often noted in the footnotes (item 15). Johnson & Johnson's equity has grown appreciably over the years, primarily from retained earnings.

Return on Total Capital (20th line) measures the percentage a company earns on its shareholders' equity and long-term debt obligations. When a company's return on total capital goes up, there should also be an increase in the return on shareholders' equity (see below). If not, it simply means that the company is borrowing more and paying interest, but not earning more for the stockholders on their equity in the company's assets. Unless a company can earn more than the interest cost of its debt over time, the risk of borrowing is not worthwhile.

Return on Shareholders' Equity (21st line) reveals how much has been earned (in percentage terms) every year for the stockholders (common and preferred). Higher figures are usually desirable, often indicating greater productivity and efficiency. Johnson & Johnson's percent earned on net worth has grown over time, but we think it will head lower out to 2024-2026. Trends in both this ratio and the return on total capital—two key gauges of corporate performance—say a great deal about the skill of management.

Retained to Common Equity (22nd line) also known as the "plowback ratio," is net income less all dividends (common and preferred), divided by common shareholders' equity and is expressed as a percentage. It measures the extent to which a company has internally generated resources to invest for future growth. A high plowback ratio and rapidly growing book value are positive investment characteristics.

All Dividends to Net Profit, or "payout ratio," (23rd line) measures the proportion of a company's profits that is distributed as dividends to all shareholders—both common and preferred. Young, fast-growing companies often reinvest most of their profits internally. Mature companies usually pay out a large share of earnings. Johnson & Johnson paid out 43% of its profits in the form of cash dividends in 2020. By way of comparison, the typical large-cap company in the Value Line universe usually pays out about 30%–35% of its profits in dividends, although exceptions exist.

SAMPLE RESEARCH REPORT

JOHNSON & JOHNSON NYSE-JNJ

RECENT PRICE 162.71 | P/E RATIO 17.1 (Trailing: 20.3 Median: 17.0) | RELATIVE P/E RATIO 0.83 | DIV'D YLD 2.5% | VALUE LINE

TIMELINESS 3 Lowered 2/12/21
SAFETY 1 New 7/27/90
TECHNICAL 4 Lowered 1/29/21
BETA .85 (1.00 = Market)

High:	66.2	68.1	72.7	96.0	109.5	106.5	126.1	144.4	149.0	147.8	157.7	173.6
Low:	56.9	57.5	61.7	70.3	86.1	81.8	94.3	110.8	118.6	125.0	109.2	154.1

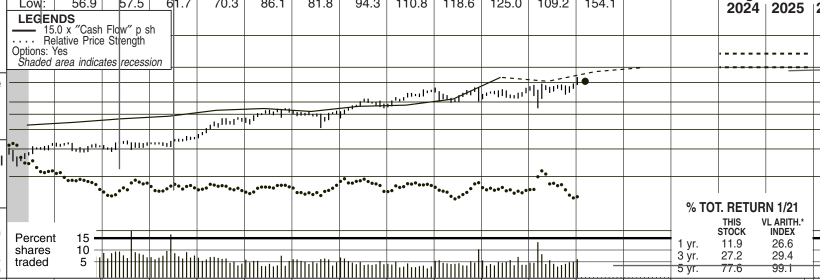
18-Month Target Price Range
Low-High Midpoint (% to Mid)
$120-$225 $173 (5%)

2024-26 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	245	(+50%)	*13%*
Low	200	(+25%)	*8%*

Institutional Decisions

	1Q2020	2Q2020	3Q2020
to Buy	1311	1458	1441
to Sell	1419	1240	1226
Hld's(000)	1814178	1785315	1778280



2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	© VALUE LINE PUB. LLC	24-26
16.98	18.43	21.51	23.02	22.47	22.49	23.87	24.19	25.28	26.71	25.44	26.56	28.50	30.64	31.17	*31.40*	*35.25*	*37.10*	Sales per sh A	*42.55*
4.25	4.60	5.23	5.70	5.69	5.92	6.25	6.48	7.08	7.26	6.95	7.50	7.64	8.35	11.52	*10.85*	*12.50*	*13.20*	"Cash Flow" per sh	*15.75*
3.50	3.76	4.15	4.57	4.63	4.76	5.00	5.10	5.52	5.70	5.48	5.93	5.41	5.61	8.68	8.03	*9.50*	*10.15*	Earnings per sh A B	*12.25*
1.28	1.46	1.62	1.80	1.93	2.11	2.25	2.40	2.59	2.76	2.95	3.15	3.32	3.54	3.75	3.98	*4.25*	*4.60*	Div'ds Decl'd per sh C■	*5.85*
.88	.92	1.04	1.11	.86	.87	1.06	1.06	1.27	1.33	1.26	1.19	1.22	1.38	1.33	*1.10*	*1.50*	*1.50*	Cap'l Spending per sh	*1.65*
12.73	13.59	15.25	15.35	18.37	20.66	20.95	23.33	26.25	25.06	25.83	26.02	22.43	22.44	22.59	*27.15*	*30.75*	*35.10*	Book Value per sh D	*49.50*
2974.5	2893.2	2840.2	2769.2	2754.3	2738.1	2724.4	2778.5	2820.6	2783.3	2755.0	2706.5	2682.5	2662.3	2632.5	*2630.0*	*2600.0*	*2580.0*	Common Shs Outst'g E	*2525.0*
18.5	16.6	15.4	14.3	12.5	13.1	12.7	13.1	15.6	17.7	18.2	19.1	23.9	23.7	15.6	18.2	*Bold figures are*		Avg Ann'l P/E Ratio	*18.0*
.99	.90	.82	.86	.83	.83	.80	.83	.88	.93	.92	1.00	1.20	1.28	.83	.89	*Value Line*		Relative P/E Ratio	*1.00*
2.0%	2.3%	2.5%	2.8%	3.3%	3.4%	3.5%	3.6%	3.0%	2.7%	3.0%	2.8%	2.6%	2.7%	2.8%	2.7%	*estimates*		Avg Ann'l Div'd Yield	*2.6%*

CAPITAL STRUCTURE as of 9/27/20
Total Debt $37,758 mill. **Due in 5 Yrs** $17,104 mill.
LT Debt $32,680 mill. **LT Interest** $152.3 mill.
(34% of Capital)
Leases, Uncapitalized Annual rentals $215 mill.

Pension Assets-12/19 $32.2 bill. **Oblig.** $37.2 bill.

Preferred Stock None

Common Stock 2,632,542,672 shares
as of 10/19/20
MARKET CAP: $365 billion (Large Cap)

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022		24-26
65030	67224	71312	74331	70074	71890	76450	81581	82059	82584	*91650*	*95750*	Sales ($mill) A	*107500*
32.3%	35.7%	33.3%	33.7%	31.1%	34.6%	31.7%	33.1%	46.3%	*42.0%*	*43.0%*	*43.5%*	Operating Margin	*44.0%*
3158.0	3666.0	4104.0	3895.0	3746.0	3754.0	5642.0	6929.0	7009.0	*7050*	*7250*	*7500*	Depreciation ($mill)	*8250*
13867	14345	15876	16323	15409	16540	14856	15297	23310	21433	*25250*	*26500*	Net Profit ($mill)	*31500*
20.1%	23.1%	17.2%	20.6%	19.7%	16.5%	15.9%	15.0%	17.4%	15.7%	*17.5%*	*18.0%*	Income Tax Rate	*19.0%*
21.3%	21.3%	22.3%	22.0%	22.0%	23.0%	19.4%	18.8%	28.4%	26.0%	*27.6%*	*27.7%*	Net Profit Margin	*29.3%*
31505	21854	30732	34226	32463	38745	12551	14803	9310.0	*19750*	*28500*	*34250*	Working Cap'l ($mill)	*75000*
12969	11489	13328	15122	12857	22442	30675	27684	26494	*32500*	*24000*	*23000*	Long-Term Debt ($mill)	*20000*
57080	64826	74053	69752	71150	70418	60160	59752	59471	*71400*	*80000*	*90500*	Shr. Equity ($mill)	*125000*
20.2%	19.1%	18.4%	19.5%	18.6%	18.2%	16.9%	18.1%	27.3%	*21.0%*	*22.5%*	*23.0%*	Return on Total Cap'l	*20.0%*
24.3%	22.1%	21.4%	23.4%	21.7%	23.5%	24.7%	25.6%	39.2%	*30.0%*	*31.5%*	*29.5%*	Return on Shr. Equity	*25.0%*
13.5%	11.9%	11.6%	12.3%	10.2%	11.2%	9.8%	9.7%	22.5%	*17.0%*	*17.5%*	*16.0%*	Retained to Com Eq	*13.5%*
44%	46%	46%	48%	53%	52%	60%	62%	43%	*43%*	*44%*	*45%*	All Div'ds to Net Prof	*47%*

CURRENT POSITION ($MILL.)	2018	2019	9/27/20
Cash Assets	19687	19287	30781
Receivables	14098	14481	14579
Inventory (FIFO)	8599	9020	9599
Other	3649	2486	2619
Current Assets	46033	45274	57578
Accts Payable	7537	8544	7044
Debt Due	2796	1202	5078
Other	20897	26218	26725
Current Liab.	31230	35964	38847

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '17-'19 to '24-'26
Sales	3.0%	3.5%	*5.0%*
"Cash Flow"	5.0%	5.5%	*8.5%*
Earnings	4.0%	4.0%	*10.0%*
Dividends	7.0%	6.5%	*7.5%*
Book Value	3.5%	-2.0%	*11.0%*

Cal-endar	QUARTERLY SALES ($ mill.) A Mar.Per	Jun.Per	Sep.Per	Dec.Per	Full Year
2018	20009	20831	20348	20393	81581
2019	20021	20562	20729	20747	82059
2020	20691	18336	21082	22475	82584
2021	*22000*	*22250*	*23500*	*23900*	*91650*
2022	*23000*	*23250*	*24500*	*25000*	*95750*

Cal-endar	EARNINGS PER SHARE AB Mar.Per	Jun.Per	Sep.Per	Dec.Per	Full Year
2018	1.60	1.45	1.44	1.12	5.61
2019	2.10	2.58	2.12	1.88	8.68
2020	2.30	1.67	2.20	1.86	8.03
2021	*2.40*	*2.40*	*2.40*	*2.30*	*9.50*
2022	*2.55*	*2.55*	*2.55*	*2.50*	*10.15*

Cal-endar	QUARTERLY DIVIDENDS PAID C■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2017	.80	.84	.84	.84	3.32
2018	.84	.90	.90	.90	3.54
2019	.90	.95	.95	.95	3.75
2020	.95	1.01	1.01	1.01	3.98
2021					

BUSINESS: Johnson & Johnson is engaged in the research & development, manufacture, and sale of a broad range of products in the healthcare field. It operates three business segments: Consumer (baby care, beauty, skin care, oral care, wound care, etc.), Pharmaceutical (antiinfective, antipsychotic, contraceptive, dermatology, gastrointestinal, etc.), and Medical Devices (orthopedic, surgery, interventional solutions, and eye health fields). Employs approximately 132,200. Officers & directors less than 1.0% of common stock; Vanguard Group, 8.7%; BlackRock, 7.3%; State Street, 5.8%. (3/20 Proxy). Chairman & CEO: Alex Gorsky. Inc.: NJ. Address: One Johnson & Johnson Plaza, New Brunswick, NJ 08933. Telephone: 732-524-0400. Internet: www.jnj.com.

Johnson & Johnson is making headlines. The company announced the much-anticipated results of its Phase III trial for its COVID-19 vaccine. This showed 66% overall efficacy in blocking moderate-to-severe forms of the disease and 85% efficacy in severe forms. While this comes up short of the efficacy shown by the Moderna and Pfizer/BioNTech vaccines, we view the data as favorable, especially when considering the overwhelming demand as well as the advantage that J&J's vaccine has of requiring only one shot. Wall Street did not seem to share our optimism, however, and the stock slipped on the news. Still, J&J planned to file in early February for emergency use authorization with the Food & Drug Administration.

The world's largest healthcare company reported better-than-expected fourth-quarter results. Share earnings came in at $1.86, a couple of pennies off the year-earlier tally, but about a nickel ahead of the consensus estimate. Although margins remained under fairly heavy pressure, sales increased a better-than-anticipated 8.3%, roughly double our estimate, thanks to ongoing momentum from the Pharmaceutical business.

We've upped our 2021 estimates. Guidance was solid, with management saying that it is looking for sales to tally between $90.5 billion and $91.7 billion for all of 2021, pointing to a 9.5%-11.0% rise. From a bottom-line perspective, it is now calling for EPS of $9.40 to $9.60. And this was before the release of the aforementioned results of the company's COVID-19 trials. Adding it all up, we currently look for J&J to earn $9.50 a share, on an 11% uptick in sales. The company should continue to do well with its Pharmaceutical portfolio, and we expect the other businesses to gain traction as the year progresses. Too, we see margin improvement accelerating in the second half of the year.

The stock has done well since our November report despite the abovementioned pullback. We continue to think that it offers worthwhile three- to five-year total return prospects, especially on a risk-adjusted basis. J&J's COVID-19 vaccine is a plus in our eyes, and investors should consider buying on dips. These shares are now an Average selection for Timeliness.

Andre J. Costanza *February 12, 2021*

(A) Years end on the last Sunday in December. (B) Diluted earnings. Excludes nonrecurring: '04, d26¢; '05, d4¢; '06, d3¢; '07, d52¢; '09, d23¢; '10, 2¢; '11, d$1.51; '12, d$1.24; '13, d71¢; 4th qtr.'17, d$5.73 (due to tax reform.); '19 ($3.05)' '20, ($2.52). GAAP from 2015-2018. Next earnings report due late April. (C) Dividends historically paid: March, June, September, and December. ■ Dividend reinvestment plan available. (D) Includes intangibles. On 12/31/19: $81.3 billion, $30.76 a share. (E) In millions.

Company's Financial Strength	A++
Stock's Price Stability	100
Price Growth Persistence	85
Earnings Predictability	75

SAMPLE RESEARCH REPORT

1 Value Line Ranks — the rank for Timeliness; the rank for Safety; the Technical rank. Beta, the stock's sensitivity to fluctuations of the market as a whole, is included in this box, but is not one of our proprietary ranks.

2 The Legends box contains the "cash flow" multiple, the amounts and dates of recent stock splits, and an indication if options on the stock are traded.

3 The Cash Flow line — reported earnings plus depreciation ("cash flow") multiplied by a number selected to correlate the stock's 3- to 5-year projected target price, with "cash flow" projected out over the same period.

4 Relative Price Strength describes the stock's past price performance relative to the Value Line (Arithmetic) Average of approximately 1,700 stocks. (A rising line indicates the stock price has been rising more than the Value Line universe.)

5 Recent Price — Price as of the date listed on page 2 under Index to Stocks of this issue's *Summary & Index*

6 P/E Ratio — the recent price divided by the latest six months' earnings per share plus earnings estimated for the next six months.

7 Trailing and Median P/E — the first is the recent price divided by the sum of reported earnings for the past four reported quarters; the second is an average of the price/earnings ratios over the past 10 years.

8 Relative P/E ratio — the stock's current P/E divided by the median P/E for the approximately 1,700 stocks under Value Line review.

9 Dividend Yield — cash dividends estimated to be declared in the next 12 months divided by the recent price.

10 3- to 5-year Target Price Range — the range in which a stock price is likely to trade in the 3- to 5-year projection period. Also shown in the "Projections" box on the left.

11 The percent of shares traded monthly — the number of shares traded each month as a % of the total outstanding.

12 Statistical Array — Value Line estimates and projections appearing in the area on the right side are in bold italics.

13 Analyst's Commentary — A 300 – 400 word report on recent developments and prospects — issued every three months on a regular schedule. Supplementary reports are issued when there is important news.

14 Value Line Ratings for Financial Strength, Price Stability, Price Growth Persistence, and Earnings Predictability. (See Glossary valueline.com for definitions.)

15 Footnotes explain a number of things, such as the way earnings are reported, whether basic or diluted.

16 Quarterly Sales are shown on a gross basis. Quarterly earnings on a per-share basis (estimates in bold type). Quarterly Dividends Paid are actual payments. The total of dividends paid in four quarters may not equal the figure shown in the annual series on dividends declared in the Historical and Statistical Arrays. (Sometimes a dividend declared at the end of the year will be paid in the first quarter of the following year.)

17 Annual Rates of Change (on a compound per-share basis). Actual for each of the past 5 and 10 years, estimated for the next three to five years.

18 Historical Array — historical financial data appear in regular type.

19 Projected stock price in 3 to 5 years. Also, the total expected percent gain/loss before dividends and the Annual Total Return (percent including dividends).

20 18-Month Target Price Range — A quantitative measure that seeks to predict a stock's price over an 18-month horizon in terms of a range.

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